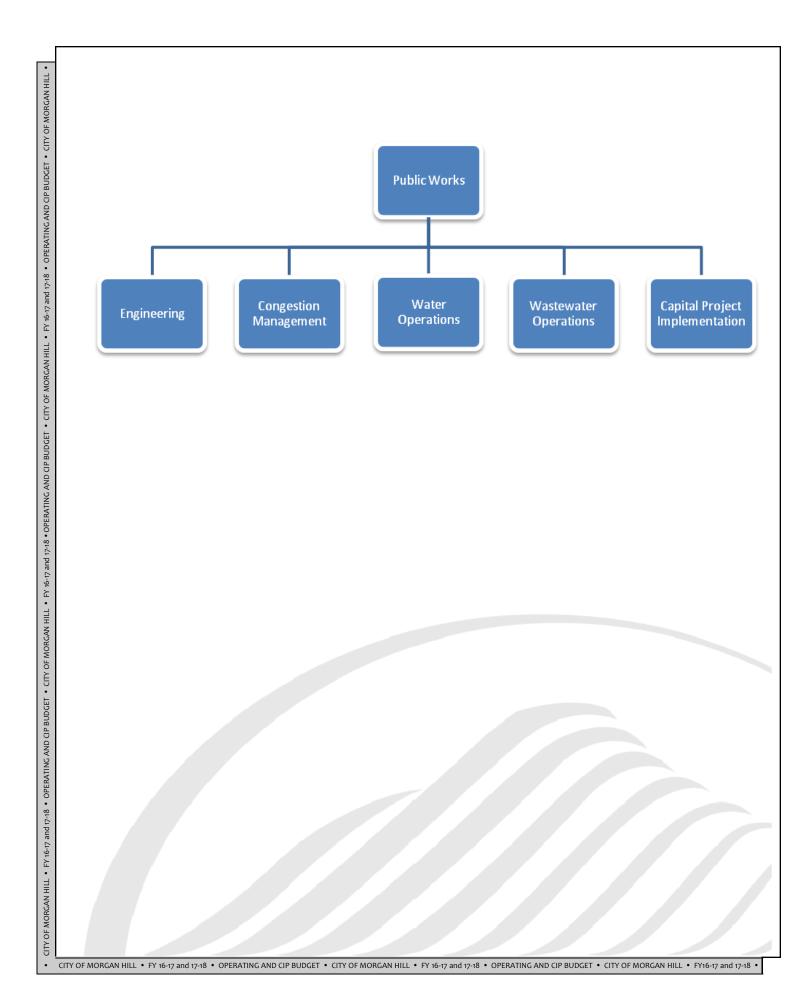
Public Works

FULL TIME EQUIVALENT EMPLOYEES

Appropriations Summary

14-15		15-16		15-16 Year End		16-17		17-18
Actual		Amended		Projection	R	Recommended	R	ecommended
\$ 5,250,326	\$	6,080,100	\$	5,574,188	\$	6,430,188	\$	6,740,481
8,023,168		8,999,411		8,627,410		9,126,989		9,879,814
783,572		739,259		744,969		850,130		828,633
13,943,100		1,655,175		98		-		_ !
1,299,426		1,511,564		1,511,565		1,514,565		1,573,971
2,843,902		2,990,998		3,729,472		5,085,008		5,568,916
\$ 32,143,494	\$	21,976,507	\$	20,187,702	\$	23,006,879	\$	24,591,815
\$ 70,032	\$	75,116	\$	71,705	\$	75,219	\$	77,569
770,499		942,729		914,288		1,142,611		1,172,408
21,147,491		9,942,341		8,615,333		10,199,929		10,656,433
3,369		3,643		3,537		3,714		3,900
8,661,852		9,309,995		8,914,889		9,764,580		10,811,733
524		603		603		632		662
1,489,728		1,702,079		1,667,347		1,820,194		1,869,109
\$ 32,143,494	\$	21,976,507	\$	20,187,702	\$	23,006,879	\$	24,591,815
\$	\$ 5,250,326 8,023,168 783,572 13,943,100 1,299,426 2,843,902 \$ 32,143,494 \$ 70,032 770,499 21,147,491 3,369 8,661,852 524 1,489,728	\$,023,168 783,572 13,943,100 1,299,426 2,843,902 \$ 32,143,494 \$ \$ 70,032 \$ 770,499 21,147,491 3,369 8,661,852 524 1,489,728	\$ 5,250,326 \$ 6,080,100 8,023,168 8,999,411 783,572 739,259 13,943,100 1,655,175 1,299,426 1,511,564 2,843,902 2,990,998 \$ 32,143,494 \$ 21,976,507 \$ 70,032 \$ 75,116 770,499 942,729 21,147,491 9,942,341 3,369 3,643 8,661,852 9,309,995 524 603 1,489,728 1,702,079	\$ 5,250,326 \$ 6,080,100 \$ 8,023,168 8,999,411 783,572 739,259 13,943,100 1,655,175 1,299,426 1,511,564 2,843,902 2,990,998 \$ 32,143,494 \$ 21,976,507 \$ \$ \$ 70,032 \$ 75,116 \$ 770,499 942,729 21,147,491 9,942,341 3,369 3,643 8,661,852 9,309,995 524 603 1,489,728 1,702,079	Actual Amended Projection \$ 5,250,326 \$ 6,080,100 \$ 5,574,188 8,023,168 8,999,411 8,627,410 783,572 739,259 744,969 13,943,100 1,655,175 98 1,299,426 1,511,564 1,511,565 2,843,902 2,990,998 3,729,472 \$ 32,143,494 \$ 21,976,507 \$ 20,187,702 \$ 70,032 \$ 75,116 \$ 71,705 770,499 942,729 914,288 21,147,491 9,942,341 8,615,333 3,369 3,643 3,537 8,661,852 9,309,995 8,914,889 524 603 603 1,489,728 1,702,079 1,667,347	Actual Amended Projection F \$ 5,250,326 \$ 6,080,100 \$ 5,574,188 \$ 8,023,168 8,999,411 8,627,410 783,572 739,259 744,969 13,943,100 1,655,175 98 1,299,426 1,511,564 1,511,565 2,843,902 2,990,998 3,729,472 \$ \$ 32,143,494 \$ 21,976,507 \$ 20,187,702 \$ \$ 70,032 \$ 75,116 \$ 71,705 \$ 770,499 942,729 914,288 21,147,491 9,942,341 8,615,333 3,369 3,643 3,537 8,661,852 9,309,995 8,914,889 524 603 603 603 1,489,728 1,702,079 1,667,347	Actual Amended Projection Recommended \$ 5,250,326 \$ 6,080,100 \$ 5,574,188 \$ 6,430,188 8,023,168 8,999,411 8,627,410 9,126,989 783,572 739,259 744,969 850,130 13,943,100 1,655,175 98 - 1,299,426 1,511,564 1,511,565 1,514,565 2,843,902 2,990,998 3,729,472 5,085,008 \$ 32,143,494 \$ 21,976,507 \$ 20,187,702 \$ 23,006,879 \$ 70,032 \$ 75,116 \$ 71,705 \$ 75,219 770,499 942,729 914,288 1,142,611 21,147,491 9,942,341 8,615,333 10,199,929 3,369 3,643 3,537 3,714 8,661,852 9,309,995 8,914,889 9,764,580 524 603 603 603 1,489,728 1,702,079 1,667,347 1,820,194	Actual Amended Projection Recommended Recommended \$ 5,250,326 \$ 6,080,100 \$ 5,574,188 \$ 6,430,188 \$ 8,023,168 \$ 8,999,411 8,627,410 9,126,989 783,572 739,259 744,969 850,130 13,943,100 1,655,175 98 - - 1,299,426 1,511,564 1,511,565 1,514,565 2,843,902 2,990,998 3,729,472 5,085,008 \$ 32,143,494 \$ 21,976,507 \$ 20,187,702 \$ 23,006,879 \$ \$ 70,032 \$ 75,116 \$ 71,705 \$ 75,219 \$ 770,499 942,729 914,288 1,142,611 21,147,491 9,942,341 8,615,333 10,199,929 3,369 3,643 3,537 3,714 8,661,852 9,309,995 8,914,889 9,764,580 524 603 603 632 1,489,728 1,702,079 1,667,347 1,820,194



Congestion Management [010-6110]

DIVISION DESCRIPTION

The Congestion Management Activity (Engineering Team) is responsible for developing and implementing programs to ensure City compliance with the Santa Clara Valley Transportation Authority Congestion Management Program (CMP). This is a State-mandated program approved by the voters as Proposition 111.

FY 15-16 ACCOMPLISHMENTS

- Participated in Santa Clara Valley Transportation Authority (VTA) Congestion Management Program activities to facilitate City compliance with the CMP
- Provided staff support to the VTA Board Technical Advisory Committee and the VTA South County Board Briefing team
- Participated in Regional Transportation Planning Efforts including the Land Use and Planning Integration Working
 Group
- Prepared the Annual CMP Monitoring and Compliance Report

ACTIVITY GOALS

FY 16-17

- Participate in VTA activities to facilitate City compliance with the CMP
- Provide assistance as needed to Morgan Hill's representative on the VTA Policy Advisory Committee, Technical Advisory Committee and the South County Board Briefing team
- Prepare transportation impact analysis as needed and route new development applications to VTA for comment
- Continue participation in the regional transportation planning initiatives sponsored by the VTA and initiated through the implementation of the Valley Transportation Plan (VTP)

FY 17-18

- Participate in VTA activities to facilitate City compliance with the CMP
- Provide assistance as needed to Morgan Hill's representative on the VTA Policy Advisory Committee, Technical Advisory Committee and the South County Board Briefing team
- Prepare transportation impact analysis as needed and route new development applications to VTA for comment
- Continue participation in the regional transportation planning initiatives sponsored by the VTA and initiated through the implementation of the Valley Transportation Plan (VTP)

COUNCIL GOALS

Enhancing public safety

- Seek grant funding for street safety improvements
- Ensure development constructed infrastructure meets Complete Streets criteria

Protecting the environment

Ensure compliance with Congestion Management Plan through established programs

Congestion Management (continued)

Seek initiatives that provide for balanced transportation modes (transit, pedestrian, bicycle, auto)

Maintaining fiscal responsibility

Seek grant funding where available

Supporting youth

- Ensure development constructed infrastructure meets Complete Streets criteria
- Seek safe routes to school grant opportunities

Fostering a positive organizational culture

Collaborate with other Departments in regional transportation initiatives

Planning Our Community

Think and plan regionally for transportation needs

Developing Our Community

- Ensure developers build safe and reliable infrastructure
- Seek grant funding where available

Enhancing Our Services

Collaborate with regional transportation partners to provide infrastructure and services in the south County

Improving Our Communication

- Ensure regional initiatives are communicated to Morgan Hill residents
- Inform community of opportunities to voice an opinion on regional matters

Participating In Regional Initiatives

Participate with VTA on land use and transportation issues

FINANCIAL COMMENTS

The FY 16-17 budget is \$75,219 which is made primarily of Salaries and the approximate \$30,000 annual payment due to VTA as the City's share of regional congestion management services. This increases slightly in FY 17-18 to \$77,569. The City is required to provide an annual report and participate in regional transportation meetings, both of which the City complies with. This budget does not fluctuate appreciably.

Congestion Management (continued)

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
41100 SALARIES - GENERAL	31,833	32,734	32,664	33,637	34,598
41271 SALARIES - PART-TIME TEMP	(68)	-	-	-	-
41320 EARNED LEAVE LIABILITY	2,002	2,249	2,249	1,698	1,766
41620 RETIREMENT - GENERAL	5,570	5,841	5,833	6,101	6,449
41690 DEFERRED COMPENSATION	624	655	641	660	678
41700 GROUP INSURANCE	2,756	2,830	2,844	2,986	3,116
41701 MEDICARE	432	477	442	448	462
41730 INCOME PROTECTION INS	296	231	299	298	298
41760 WORKERS COMP	792	1,637	809	841	865
41799 BENEFITS	196	195	196	195	195
Salaries Total	44,433	46,849	45,977	46,864	48,427
42214 TELEPHONE	57	160	100	160	164
42423 MEMBERSHIP & DUES	25,104	27,583	25,104	25,857	26,633
Supplies Total	25,161	27,743	25,204	26,017	26,797
45003 GENERAL LIABILITY INSURANCE	438	524	524	695	765
45004 BUILDING MAINT - CURRENT SERVICES	-	-	-	1,643	1,581
Internal Services Total	438	524	524	2,338	2,346
6110 - Congestion Management Total	70,032	75,116	71,705	75,219	77,569

Engineering [206-5410]

DIVISION DESCRIPTION

Engineering Development team undertakes activities such as mapping and subdivision services, development review/ inspection services, traffic and flood protection services. Engineering team members answer questions, provide technical guidance to those considering development, provide one-stop processing for approval of certain development activities, and support to other City departments when required. The Development Engineering team also oversees all developer initiated construction activities in to the public right-of-way.

Land Development activities include checking, approving, and keeping all improvement plans prepared by consultants for Public Record. Further activities include reviewing all private land development activities for conformance with City standards, and checking and approving all maps for compliance with the Subdivision Map Act. Engineering Development reviews building permit applications and proposals that are filed with the City's Building Division and provides support to the Environmental Programs team for the City's National Pollution Discharge Elimination System. For the 16-17 and 17-18 fiscal years, the Engineering Development team will be launching several customer service upgrades. The timing of these upgrades coincides with the implementation of the TRAKIT permit processing software throughout the Development Services Center. The customer service upgrades will focus on the following:

- A more streamlined approach to processing development applications and improvement plans
- Providing useful information to developers at the beginning phases of a project to assist them in anticipating the necessary steps and activities required to get projects approved.
- Developing ways to take in customer feedback to help further improve the process

To dramatically improve customer service, it is recommended that a new Senior Project Manager position by hired to deliver CIP projects. In turn, this will allow the Engineering Development team to focus primarily on development services and not be asked to simultaneously work on capital projects. Due to the small engineering team in Public Works and the historically large capital projects workload, the Engineering Development team has been asked to deliver capital projects. This has resulted in not having the adequate resources dedicated to either function and service has been negatively impacted. The new Senior Project Manager position would be funded from CIP projects and not from the Engineering portion of the Community Development Fund. However, Engineering and Capital Project Implementation team are recommending hiring an in-house Public Works Inspector, based on the outcome of a cost analysis conducted on inspection contract service. By hiring n in-house Inspector, the City will realize a cost savings as contract inspectors typical result in a higher cost. This new Public Works Inspector position in recommended as it will support both Engineering and CIP Project inspections.

FY 15-16 ACCOMPLISHMENTS

- Participated in Residential Development Control System (RDCS) application scoring
- Collaborated with Community Development and Economic Development teams to assist with new commercial development projects.
- Processed 12 final maps
- Supported the Building Department with permit application reviews
- Provided plan check services for every development project submittal

CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN H

- Participated in TRAKiT development
- Completed the 2015 Speed Survey
- Addressed multiple local traffic complaints
- Ensured compliance with flood insurance policies required for Federal Emergency Management Agency (FEMA) Community Rating System (CRS) participation
- Provided flood plain management service for development projects
- Kept City in compliance with State Storm Water Permit
- Participated in design and construction of various capital projects, including pavement rehabilitation, water feature equipment building, and medians in Monterey Road
- Provided inspection services for development projects

ACTIVITY GOALS

FY 16-17

- Develop and implement customer service improvement program
- Complete map and plan checking services within established time frames
- Follow all policies to ensure compliance with FEMA CRS system
- Provide flood plain management services where needed
- Provide traffic engineering services to City teams and to the public when needed

FY 17-18

- Develop and implement customer service improvement program
- Complete map and plan checking services within established time frames
- Follow all policies to ensure compliance with FEMA CRS system
- Provide flood plain management services where needed
- Provide traffic engineering services to City teams and to the public when needed

COUNCIL GOALS

Enhancing public safety

- Traffic safety reviews when called for
- Ensure development constructed infrastructure meets Complete Streets criteria
- Ensure street and sidewalks are properly included in development projects

Protecting the environment

- Ensure developer installed water and wastewater improvements meet City standards
- Developer projects shall meet Complete Streets design

Maintaining fiscal responsibility

- Provide developers with design guidelines and requirements ahead of time to help ensure tasks are completed as efficiently as possible
- Use consultant services only as needed

Supporting youth

- Ensure development constructed infrastructure meets Complete Streets criteria
- Review developer street design to ensure proper safety geometry and signage

Fostering a positive organizational culture

- Collaborate with other Departments in development review
- Support Planning and Building teammates

Preserving and cultivating public trust

- Ensure construction activity is implemented with minimal impacts to community
- Thorough plan review to ensure the City accepts quality infrastructure
- Follow through with customer service initiatives

Planning Our Community

- Follow infrastructure master plans
- Thorough evaluations of RDCS applications to ensure community's interests are taken care of
- Thorough plan reviews

Developing Our Community

- Ensure developers build safe and reliable infrastructure
- Coordinate developer infrastructure design with capital projects
- Build infrastructure to meet growth needs

Enhancing Our Services

- Build safe and reliable water and wastewater improvements
- Seek ways to provide sustainable streets
- Collaborate regionally to provide smart infrastructure

Improving Our Communication

- Ensure developers and their engineers and contractors are communicating with affected neighbors
- Collaborate with other Departments on development infrastructure build-out

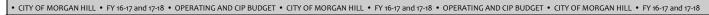
Participating In Regional Initiatives

Participate with VTA on land use issues

FINANCIAL COMMENTS

The services provided by the Engineering team are paid for by development related fees. Revenues from development activity peaked in the 15-16 FY to coincide with the backlog of residential units coming out of the great recession. For FY's 16-17 and 17-18 revenues will drop slightly each year before an anticipated steady revenue stream in the out years. The expenditures, however, will increase slightly in the next two fiscal years. The FY 16-17 recommended expenditures budget increases by \$228,323 from FY15-16, mainly due to restructuring of responsibilities and addition of .45 FTE. The FY16-18 recommended budget also includes a new GIS Manager position, which will be funded 41% by Community Development Fund (15% Planning, 11% Building, 15% Engineering), and remainder by the General, Park Maintenance, Water and Wastewater Funds

The use of contract services has historically been included in the budget to augment staff's efforts to ensure developer projects are reviewed in a timely manner. To improve customer service in the coming fiscal years the Department will undergo an internal re-structuring to provide more attention to the processing of development applications and plan checks. No new engineering staff are included in the proposed budget. However, the Department is adding a new Public Works Inspector position which will split time between Land Development Engineering and Capital Projects Implementation. For Land Development Engineering 206-5410 a new 0.3 FTE of Public Works Inspector will be included. The additional Salaries line item cost for the 0.3 FTE Public Works Inspector will be more than made up for the reduction in contract services for inspection services. Contract services will be shown in the budget for map checking, Land Surveyor approval of maps, occasional improvement plan checking, storm water management, and for special construction inspection. These services will only be deployed when required.



Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
bject Description 41100 SALARIES - GENERAL	Actual	Amended	Projection	Recommended	Recommende
41271 SALARIES - GENERAL 41271 SALARIES - PART-TIME TEMP	310,065	327 , 483 -	307,582	548 , 622 -	574,20
412/1 SALARIES - PART-TIME TEMP 41320 EARNED LEAVE LIABILITY	560		1,500		
	13,785	14,703	14,703	13,306 -	13,83
41490 OVERTIME - GENERAL 41620 RETIREMENT - GENERAL	1,187		300		
	54,300	58,753	54,857	99,529	107,07
41690 DEFERRED COMPENSATION	6,298	7,075	6,024	11,093	11,51
41700 GROUP INSURANCE 41701 MEDICARE	43,470	43,775	46,820	77,583	81,29
	4,168	4,773	3,984	7,462	7,85
41701 MEDICARE PTT AND OT	-	-	26	-	-
41730 INCOME PROTECTION INS	2,749	2,379	2,698	4,896	4,89
41760 WORKERS COMP	7,735	16,374	7,641	13,716	14,35
41760 WORKERS COMP PTT AND OT	-	-	45	-	-
41799 BENEFITS	1,728	1,723	1,685	2,313	2,31
41800 UNIFORM	341	318	507	517	52
Salaries Total	446,386	477,356	448,373	779,037	817,86
42214 TELEPHONE	3,483	3,395	2,700	3,497	3,60
42228 GASOLINE & OIL	864 -	2,122	950	2,185	2,18
42230 SPECIAL COUNSEL			1,193	-	-
42231 CONTRACT SERVICES	148,632	265,375	265,375	126,000	126,00
42236 BANK CARD SERVICE FEES	1,978	2,123	2,600	2,600	2,60
42244 STATIONERY & OFFICE SUPPLIES	3,092	1,167	1,100	1,202	1,23
42245 COMPUTER HARDWARE-NON CAPITAL	1,006	9,193	8,100	2,219	1,51
12246 COMPUTER SOFTWARE-NON CAPITAL	53	266	300	274	28
42248 OTHER SUPPLIES	1,500	1,379	2,600	1,421	1,46
42250 ADVERTISING	456	212	-	-	-
42252 PHOTOCOPYING	431	743	400	765	78
42254 POSTAGE & FREIGHT	356	266	2,100	274	28
42257 PRINTING	-	424	650	437	45
42261 AUTO MILEAGE	43	212	120	219	22
42281 SMALL TOOLS	36	1,000	-	-	-
42299 OTHER EXPENSE	1,413	530	350	2,421	56
12408 TRAINING & EDUCATION	824	1,273	1,100	1,311	1,35
42415 CONFERENCE & MEETINGS	55	849	800	874	90
42423 MEMBERSHIP & DUES	581	318	750	550	55
42435 SUBSCRIPTION & PUBLICATIONS	541	424	529	437	45
42526 MAINT - AUTO/TRUCKS	406 -	637 -	550	656 -	67
42531 MAINT - FURNITURE/OFFICE EQUIP			183		-
Supplies Total	165,751	291,908	292,450	147,342	145,11
13830 AUTO/TRUCKS	-	2 222		7500	-
13840 COMPUTER EQUIPMENT	<u>-</u>	9,000	9,000	7.500	-
Capital Total	29.674	9,000	9,000	7,500	42.04
15003 GENERAL LIABILITY INSURANCE	28,674	22,923	22,923	12,678	13,94
15004 BUILDING MAINT - CURRENT SERVICES	18,700	18,171	18,172	16,433	15,81
15005 BUILDING MAINT - FUTURE REPLACEMENT	2,927	3,015	3,015	3,105	3,19
15009 INFO SYSTEM SERVICES	12,161	14,235	14,235	56,362	56,36
45010 GF ADMIN	57,670	60,554	60,554	63,581	66,76
Internal Services Total	120,132	118,898	118,899	152,160	156,07
49212 TRANSFER OUT-232 (ENVIRONMENTAL PROGRAMS)	25,727	28,466	28,466	39,344	40,97
49241 TRANSFER OUT-BOND/DEBT	12,502	10,061	10,061	5,756	6,63
49321 TRANSFER OUT - EMPLOYEE BENEFITS FUND	•	7,039	7,039	11,473	5,73
Transfer Total	38,229	45,566	45,566	56,573	53,34
110 - Engineering Total	770,499	942,729	914,288	1,142,611	1,172,40

Wastewater Operations [640-5900]

DIVISION DESCRIPTION

The Wastewater Operations Division protects public health and safety by ensuring that wastewater is properly collected and transported to the South County Regional Wastewater Authority (SCRWA) treatment facility in Gilroy which is owned under a Joint Powers Agreement (JPA) with the cities of Morgan Hill and Gilroy. The treatment plant is undergoing a considerable rehabilitation program requiring additional resources from Morgan Hill and Gilroy. The City of Morgan Hill owns, and therefore funds, 42 percent of the capital renovation and expansion costs at the treatment facility, as well as a portion of the facility's annual operations and maintenance costs. The annual operations and maintenance costs are based on the actual prior year annual flow as recorded by the Harding flow meter and averaged with the two previous years. For FY 16-17, operational costs are allocated between the cities of Gilroy and Morgan Hill at 57 percent and 43 percent, respectively. The allocations for FY 17-18 will be determined in the second year of the two-year budget.

The Wastewater Operations Division receives the majority of its revenue through service fees based on the number of water units consumed as measured at the water meter. Wastewater fees collected from a non-residential customer are assessed by measuring units of water through the non-irrigation water meter to the property. Residential customer wastewater fees are determined by measuring water usage during the winter months and applying the average units of water used to the remaining months. The State-ordered mandate to reduce water consumption will continue to affect wastewater operation revenues from non-residential and residential system users to some extent. A rate study was completed in FY 2015-16 in conjunction with the water enterprise rate study which analyzed the impact the drought conditions had on wastewater operating revenues.

The City's wastewater team focuses its efforts on upkeep and maintenance of 170.5 miles of sewer pipelines and 14 lift stations. These are the principal elements that make up the publicly owned and operated wastewater collection system. Residential and commercial entities served by the City's wastewater division are connected to the wastewater collection system through private sewer laterals. A private sewer lateral extends from the building being served to the City's sewer main. Private sewer laterals are not part of the public system, and therefore city resources are not used to maintain them. The wastewater operational staff maintains the wastewater collection system through routine line flushing, inspection, lift station maintenance, and repairs of the infrastructure. Through these tasks, the City of Morgan Hill has consistently maintained a low number of Sanitary Sewer Overflows (SSO), which is a quantifiable, measureable objective.

FY 15-16 ACCOMPLISHMENTS

- Completed a comprehensive rate study for the wastewater enterprise in order to balance the long-term environmental and financial sustainability
- Secured bond funding for capital projects within the City and in response to SCRWA project funding needs
- Flushing: Increased time spent flushing mains with video review workflow in place, which provided flushing crews with an understanding of their cleaning effectiveness
- Inspection: Use advanced camera and mobile video center combined with improved flushing techniques to identify defects in the larger sewer mains
- Repairs: Increased point repairs and pipeline improvements by using trenchless methods for pipe patching The trenchless method for making repairs is less costly and enable crews to perform a greater number of repairs

- H-Lift Station Rebuilt: This is an older lift station that has reached the end of its life cycle. The lift station rebuild is
 part of the overall ongoing maintenance and replacement program for all the City's lift stations
- Completed renovation designs for D, F, K, and W lift stations

ACTIVITY GOALS

FY 16-17

- Begin construction of renovations for D, F, K, and W lift stations
- Continue construction of the Morgan Hill/Gilroy trunk line construction
- Implement the SEDARU asset management platform to store and retrieve the wastewater system infrastructure data and historic record including flushing program data, maintenance forms, and repair logs
- Complete Wastewater Master Plan
- Update Sanitary Sewer Overflow Management Plan to comply with wastewater discharge permit requirements
- Begin infiltration and inflow (I&I) management plan to comply with wastewater discharge permit requirements

FY 17-18

- Complete construction of lift station renovations
- Implement work order management system needed to track work performed by the utility team
- Replace Pump Station F force main. This will be a difficult project due to narrow private property easements and proximity of private homes
- Begin construction of new wastewater trunk line to SCRWA plant

COUNCIL GOALS

The Public Works Department will implement policies and activities that are aligned with the priorities, goals and strategies the Council has set for 2017 and 2018.

Enhancing Public Safety

- Maintain reliable and dependable wastewater system
- Prevent sewage overflows and spills by addressing aging infrastructure

Maintain Fiscal Responsibility

- Balance environmental and financial sustainability while meeting State conservation mandate
- Meet the sewer revenue bond covenants and the wastewater enterprise funds (operations, rate stabilization, and capital improvement funds) reserve policy

Planning Our Community

Updating the Utilities Master Plans (Water, Sewer, Stormwater)

Developing Our Community

Constructing a multitude of wastewater capital improvement projects

FINANCIAL COMMENTS

In FY 15-16, the City Council went through an extensive utility rate study to ensure both public safety and public health for the Morgan Hill community are maintained. As a result of the rate study, the Council approved a five year annual rates increase plan to ensure that the integrity and reliability of the essential community assets can be maintained, aging and inefficient infrastructure replaced, provide proper reserve levels in accordance with Council policy and legally required debt coverage, and that sufficient annual operating revenue would be generated to pay all annual operating expenses. The new rates became effective January 1, 2017 with ratepayers seeing an increase of 2.0 percent in fixed meter and consumption charges, and further rate adjustments of 2.0 percent on January 1 of each subsequent years through 2020. The Council did not implement the previously approved 3.5% rate increase on January 1, 2016. The two-year recommended budget in Wastewater Operations incorporates a reduction in water consumption from the 2013 base year level by 30% in FY 16-17 and 20% in FY 17-18. This reduction level is projected to have a nominal effect on sewer service fees revenue. The recommended revenue for sewer service fees are \$10.2 million in FY 16-17 and \$10.6 million in FY 17-18.

With the approved rate increases, the Water Operations would transfer \$250,000 per year to the Wastewater Rate Stabilization Fund. Debt service payments for the 2015 Sewer Revenue Bond are \$1,936,300 in FY 16-17 and \$1,845,120 in FY 17-18 (budgeted in the Transfer Out-643 line item). The Sewer Charges Maintenance/ Operations (SCRWA) budgets are consistent with previous forecast assumptions at \$4.2 million in FY 16-17 and \$4.4 million in FY 16-17. SCRWA has adopted policies that increased the amount that the City contributes to the reserve fund and it is expected that the reserve fund contributions will continue to increase over the next 15 years in order for the plant to maintain adequate operations and major maintenance reserves funds.

The FY16-18 recommended budget also includes a new GIS Manager position, which will be funded 13% by Wastewater, and remainder by the General, Community Development, Park Maintenance, Water Funds.

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
41100 SALARIES - GENERAL	1,053,806	1,226,890	953,768	1,215,333	1,271,568
41320 EARNED LEAVE LIABILITY	12,740	12,740	12,740	24,389	25,365
41490 OVERTIME - GENERAL	28,222	25,750	23,200	26,523	27,318
41620 RETIREMENT - GENERAL	136,803	218,926	170,696	221,333	237,992
41690 DEFERRED COMPENSATION	17,306	24,538	20,003	20,658	21,573
41700 GROUP INSURANCE	227,902	235,691	170,050	218,752	229,521
41701 MEDICARE	14,003	18,204	11,740	14,949	15,816
41701 MEDICARE PTT AND OT	-	-	336	385	396
41730 INCOME PROTECTION INS	11,031	11,970	9,925	13,254	13,254
41760 WORKERS COMP	26,718	61,983	23,991	30,384	31,790
41760 WORKERS COMP PTT AND OT	-	-	580	663	683
41799 BENEFITS	2,662	2,783	2,895	2,867	2,867
41800 UNIFORM	9,567	7,426	11,500	11,730	11,965
Salaries Total	1,540,760	1,846,901	1,411,424	1,801,220	1,890,108
42208 ELECTRIC	23,421	25,585	23,400	26,353	27,143
42210 WATER/SEWER	1,812	1,977	1,800	2,016	2,057
42214 TELEPHONE	11,533	9,364	10,100	9,551	9,742
42228 GASOLINE & OIL	17,922	22,889	13,500	23,347	23,814
42231 CONTRACT SERVICES	189,563	435,837	305,000	278,485	286,840
42236 BANK CARD SERVICE FEES	532	31	550	550	550
42240 RENTALS - OUTSIDE	-	2,601	200	2,653	2,706
42244 STATIONERY & OFFICE SUPPLIES	2,924	5,202	4,400	5,306	5,412
42245 COMPUTER HARDWARE-NON CAPITAL	486	8,323	6,500	8,490	8,659
42246 COMPUTER SOFTWARE-NON CAPITAL	1,860	9,364	7,700	9,551	9,742
42248 OTHER SUPPLIES	34,230	149,650	118,000	144,870	149,216
42250 ADVERTISING	2,889	2,040	793	2,081	2,122
42252 PHOTOCOPYING	169	-	500	515	530
42254 POSTAGE & FREIGHT	57	5,260	4,500	265	271
42257 PRINTING	876	1,561	6,200	1,592	1,624
42261 AUTO MILEAGE	22	153	100	156	159
42270 SEWER CHRGS MAINT/OPS (SCRWA)	3,539,550	3,879,467	3,879,467	4,152,849	4,360,491
42273 WATER/SEWER MAINTENANCE SVS	44	18,207	18,207	18,571	18,943
42281 SMALL TOOLS	3,409	4,162	4,227	4,245	4,330
42299 OTHER EXPENSE	17,085	7,500	7,200	9,350	7,959
42408 TRAINING & EDUCATION	9,227	7,803	6,100	7,959	8,118
42415 CONFERENCE & MEETINGS	115	780	1,700	796	812
42423 MEMBERSHIP & DUES	6,583	5,514	5,100	5,624	5,737
42435 SUBSCRIPTION & PUBLICATIONS	-	179	100	182	186
42510 MAINT - BLDGS/IMPROVEMENTS	354	-			-
42523 MAINT - MACHINE/EQUIPMENT	10,096	17,687	17,200	18,041	18,401
42526 MAINT - AUTO/TRUCKS	41,836	31,212	31,000	31,836	32,473
Supplies Total	3,916,595	4,652,348	4,473,544	4,765,234	4,988,037

CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY16-17 and 17-18 •

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommende
41100 SALARIES - GENERAL	1,053,806	1,226,890	953,768	1,215,333	1,271,56
41320 EARNED LEAVE LIABILITY	12,740	12,740	12,740	24,389	25,36
41490 OVERTIME - GENERAL	28,222	25,750	23,200	26,523	27,31
41620 RETIREMENT - GENERAL	136,803	218,926	170,696	221,333	237,99
41690 DEFERRED COMPENSATION	17,306	24,538	20,003	20,658	21,57
41700 GROUP INSURANCE	227,902	235,691	170,050	218,752	229,5
41701 MEDICARE	14,003	18,204	11,740	14,949	15,81
41701 MEDICARE PTT AND OT	-	-	336	385	39
41730 INCOME PROTECTION INS	11,031	11,970	9,925	13,254	13,25
41760 WORKERS COMP	26,718	61,983	23,991	30,384	31,79
41760 WORKERS COMP PTT AND OT	-	-	580	663	68
41799 BENEFITS	2,662	2,783	2,895	2,867	2,86
43825 MACHINERY/EQUIPMENT	113,991	54,563	84,781	52,020	53,06
43840 COMPUTER EQUIPMENT	-	7,283	6,400	7,428	7,5
43845 COMPUTER SOFTWARE	-	7,803	7,803	7,959	8,1
Capital Total	113,991	69,649	98,984	67,407	68,75
44991 INTEREST	539,640	331,462	98	-	-
Debt Total	13,943,100	1,655,175	98	-	-
45003 GENERAL LIABILITY INSURANCE	127,689	109,309	109,309	57,655	63,4
45004 BUILDING MAINT - CURRENT SERVICES	26,342	27,053	27,053	46,558	61,18
45005 BUILDING MAINT - FUTURE REPLACEMENT	1,293	1,332	1,332	1,372	1,4
45006 FLEET REPLACEMENT	93,834	109,145	109,145	114,995	124,16
45009 INFO SYSTEM SERVICES	22,688	26,558	26,558	71,427	71,4
45010 GF ADMIN	184,811	194,051	194,051	203,754	213,9
Internal Services Total	456,657	467,448	467,448	495,761	535,55
49210 TRANSFER OUT-010 (GENERAL FUND)	247,762	249,195	249,195	345,000	347,0
49212 TRANSFER OUT-232 (ENVIRONMENTAL PROGRAMS)	51,453	56,931	56,931	78,690	81,9
49214 TRANSFER OUT-207 (GENL PLAN UPDATE)	3,000	3,000	3,000	-	-
49262 TRANSFER OUT-643 (SEWER CIP)	600,000	588,654	3,500,000	2,639,485	2,392,8
49265 TRANSFER OUT-642 (SEWER RATE STABILIZATION)	-	-	1,000,000	-	-
49271 TRANSFER OUT-650 (WATER OPS)	274,173	316,409	316,409	401,799	415,54
49321 TRANSFER OUT - EMPLOYEE BENEFITS FUND	-	36,630	36,630	44,775	22,38
Transfer Total	1,176,388	1,250,819	5,162,165	3,509,749	3,259,7
900 - Sewer Operations Total	21,147,491	9,942,341	11,613,663	10,639,370	10,742,17

Water Operations [650-5710]

DIVISION DESCRIPTION

The City of Morgan Hill supplies water service to approximately 13,500 metered residential, commercial, and industrial customers. Water Operations ensures that the City's water supply needs are continually met and that water quality meets or exceeds all public health and environmental standards. The City's municipal water source is 100 percent from ground water provided through 17 groundwater wells, 9 pumping stations, 10 reservoir sites, 23 pressure zones and 165 miles of distribution pipeline. Water Operations delivers quality service to its customers through formalized maintenance programs and long range planning activities that improve the reliability of the water system.

The Water Operations Fund receives the majority of its revenue from fixed meter and water consumption charges and thus is heavily influenced by two primary drivers: climate and economic development. Drought conditions continued during FY 15-16, the fifth year of dry weather in the State. The City Council maintained the Level 2 Water Supply Shortage restrictions and also implemented mandatory measures to achieve a 30% reduction in water use through the City. As a result, water production in 2015 was approximately 6,000 acre feet (AF) which is lower than the historical average of 7,800 AF. When compared with the 2013 peak usage of 8,938 AF the City realized a 33% reduction in water use.

The rains returned in late 2015 providing relief for drought stricken areas. For the City, this may come in the form of greater groundwater recharge allocations from the Santa Clara Valley Water District (SCVWD). However, aquifer recovery is a slow process and we expect the SCVWD to continue with water use restrictions for the foreseeable future. The Water Division team will continue to work closely with the SCVWD on water conservation and the status of the groundwater basin.

FY 15-16 ACCOMPLISHMENTS

- Completed a comprehensive rate study for the wastewater enterprise in order to balance the long-term environmental and financial sustainability
- Exercised 1,117 water valves to confirm system control function in the event of main breaks or other emergencies
- Tested 504 large (greater than 1 1/2 inches) water meters to ensure accuracy for the largest water customers
- Began design of the Butterfield Well, Boys Ranch #1, and Main Well #2 well rehabilitation projects
- Began design of the East Dunne Avenue Transmission Main and Reservoir projects
- Completed installing bulk storage tanks at each well allowing bulk delivery of chlorine; reduced disinfection costs
- Updated Urban Water Master Plan to comply with State requirements

ACTIVITY GOALS

FY 16-17 and 17-18

- Complete a Water System Master Plan including revised Capital Improvement Plan
- Implement work order management system needed to track work performed by the utility team
- Construct 850,000 gallon East Dunne Reservoir
- Design Holiday Booster Station at New East Dunne Avenue Reservoir
- Construct new pump and control buildings for the new East Main and Walnut Grove Wells
- Complete rehabilitation of the Boys Ranch #2 and Jackson Well

- Improve the Cross Connection Control Program to ensure compliance with State requirements. The work includes upgrading business systems to better track backflow devices and required testing and increased inspections as needed
- Continue expanded leak monitoring in high water pressure zones
- Develop water meter installation program with timeline to fully deploy Advanced Metering Infrastructure (AMI) System. The work includes installing new equipment on approximately 7,500 water services as well as upgrading business systems to support real time data access by customer service staff and water customers
- Continue to engage the community in a water rate conversation to determine and develop a sustainable and equitable response to the continued drought conditions

COUNCIL GOALS

Enhancing Public Safety

- Provide safe, clean drinking water
- Maintaining public health and safety in providing water to fight fires and protect property
- Maintain reliable and dependable water systems

Maintain Fiscal Responsibility

- Balance environmental and financial sustainability while meeting long term State conservation mandate
- Meet water revenue bond covenants and the water enterprise funds (operations, rate stabilization, and capital improvement funds) reserve policy

Planning Our Community

- Updating the Utilities Master Plans (Water, Sewer, Stormwater)
- Developing 5-year Urban Water Management Plan

Developing Our Community

• Constructing a multitude of water capital improvement projects

Participating In Regional Initiatives

• Participating in Task Force on Water Efficient New Development

FINANCIAL COMMENTS

In FY 15-16, the City Council went through an extensive utility rate study to ensure both public safety and public health for the Morgan Hill community are maintained. As a result of the rate study, the Council approved a five year annual rates increase plan to ensure that the integrity and reliability of the essential community assets can be maintained, aging and inefficient infrastructure replaced, provide proper reserve levels in accordance with Council policy and legally required debt coverage, and that sufficient annual operating revenue would be generated to pay all annual operating expenses.

The new rates became effective April 1, 2016 with ratepayers seeing an increase of 9.0 percent in fixed meter and consumption charges, and further rate adjustments of 7.25 percent on January 1 of each subsequent years through 2020. Costs that must be recovered through rate revenue include purchased water, electricity, equipment and supplies, treatment chemicals, debt service, and salaries and benefits. Additionally, revenues generated from the water rates would be used to restore water reserve funds that have been drawn down to compensate for lower levels of water consumption.

The two-year recommended budget in Water Operations incorporates a reduction in water consumption from the 2013 base year level by 30% in FY 16-17 and 20% in FY 17-18. At these water production levels, the groundwater production charges are budgeted at \$2,358,651 and \$2,845,753 in FY 16-17 and FY 17-18, respectively, which account for approximately 26% of the Water Operations budget. These amounts are based on the charges previously set by the SCVWD at \$377 per AF in FY 16-17 and \$398 per AF in FY 17-18. The SCVWD has proposed an additional increase to \$398 per AF in FY 16-17 (11.8% increase over FY 15-16) and \$420 per AF in FY 17-18. These additional increases in the amount of \$131,384 in FY 16-17 and \$157,303 in FY 17-18 are not included in the line item budgets. The City may consider to pass-through these additional increases to our water customers, as permitted in the recently approved Proposition 218 process.

The FY16-18 recommended budget also includes a new GIS Manager position, which will be funded 13% by Water, and remainder by the General, Community Development, Park Maintenance, Wastewater Funds.

Expenditure Details	14-15	15-16	15-16	16-17	17-18
Object Description	Actual	Amended	Year End Projection	Recommended	Recommende
41100 SALARIES - GENERAL	1,285,418	1,558,185	1,533,846	1,563,578	1,630,098
41271 SALARIES - PART-TIME TEMP	71,745	-	12,340	12,480	12,730
41320 EARNED LEAVE LIABILITY	20,512	20,512	20,512	42,548	44,250
41490 OVERTIME - GENERAL	90,796	74,263	94,000	76,491	78,786
41620 RETIREMENT - GENERAL	164,467	278,043	277,579	284,738	305,082
41690 DEFERRED COMPENSATION	22,456	31,164	29,071	26,987	28,039
41700 GROUP INSURANCE	259,413	275,455	254,500	256,125	268,689
41701 MEDICARE	17,716	23,718	19,745	18,956	19,97
41701 MEDICARE PTT AND OT	-	25,710			
41730 INCOME PROTECTION INS		14.762	1,542	1,290	1,327
	13,542	14,763	16,226	16,548	16,548
41760 WORKERS COMP PITT AND OT	36,182	79,751 -	39,764	39,091	40,754
41760 WORKERS COMP PTT AND OT			2,659	2,224	2,28
41799 BENEFITS	3,496	3,296	3,477	3,546	3,54
41800 UNIFORM	16,618	9,548	20,500	20,910	21,32
Salaries Total	2,002,361	2,368,698	2,325,761	2,365,512	2,473,43
42205 TAXES	331	-	500	-0-0	-
42208 ELECTRIC	841,271	760,000	740,000	782,800	802,28
42209 GROUNDWATER PRODUCTION	2,170,508	2,068,176	2,227,267	2,358,651	2,845,75
42210 WATER/SEWER	2,422	2,758	2,400	2,841	2,92
42214 TELEPHONE	30,446	21,218	26,500	21,855	22,51
42228 GASOLINE & OIL	40,170	50,923	35,100	52,451	54,02
42231 CONTRACT SERVICES	501,462	551,708	369,563	381,485	392,93
42236 BANK CARD SERVICE FEES	332	438	900	900	90
42240 RENTALS - OUTSIDE	2,210	2,652	1,100	2,732	2,81
42244 STATIONERY & OFFICE SUPPLIES	5,148	9,548	4,200	9,835	10,13
42245 COMPUTER HARDWARE-NON CAPITAL	6,623	4,774	2,400	4,917	5,06
42246 COMPUTER SOFTWARE-NON CAPITAL	4,349	13,261	6,500	13,659	14,06
42248 OTHER SUPPLIES	164,606	233,200	192,000	230,926	237,85
42250 ADVERTISING	2,675	1,061	848	1,093	1,12
42252 PHOTOCOPYING	370	106	550	109	11
42254 POSTAGE & FREIGHT	1,017	6,545	5,800	1,741	1,79
42257 PRINTING	1,340	2,122	6,119	2,185	2,25
42261 AUTO MILEAGE	22	265	150	273	28
42273 WATER/SEWER MAINTENANCE SVS	20,731	53,045	35,000	54,636	56,27
42281 SMALL TOOLS	16,390	10,609	6,973	10,927	11,25
42299 OTHER EXPENSE	28,593	38,000	32,000	40,765	40,31
42408 TRAINING & EDUCATION	7,519	19,096	6,400	9,550	9,83
42415 CONFERENCE & MEETINGS	115	3,183	2,800	3,278	3,37
42423 MEMBERSHIP & DUES	6,394	15,914	12,000	16,391	16,88
42435 SUBSCRIPTION & PUBLICATIONS	861	212	100	219	22
42510 MAINT - BLDGS/IMPROVEMENTS	354	15,914	7,500	12,120	13,23
42523 MAINT - MACHINE/EQUIPMENT	15,966	16,922	25,000	25,000	25,000
TA JA J 1717 MILLI IN MANUELLA CONTROLLA CONTR	13,500	10,922	25,000	25,000	25,000
42526 MAINT - AUTO/TRUCKS	15,367	26,523	24,500	27,318	28,138

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
43825 MACHINERY/EQUIPMENT	123,453	86,700	72,000	88,434	90,203
43840 COMPUTER EQUIPMENT	-	5,253	5,100	5,358	5,465
43845 COMPUTER SOFTWARE	-	18,658	9,499	13,931	14,210
43897 METERS	546,128	550,000	550,386	650,000	650,000
Capital Total	669,581	660,611	636,985	757,723	759,878
45003 GENERAL LIABILITY INSURANCE	72,195	75,750	75,750	80,113	88,124
45004 BUILDING MAINT - CURRENT SERVICES	52,794	54,220	54,220	85,587	115,204
45005 BUILDING MAINT - FUTURE REPLACEMENT	2,592	2,670	2,670	2,750	2,833
45006 FLEET REPLACEMENT	59,938	233,540	233,540	131,507	90,921
45009 INFO SYSTEM SERVICES	99,828	116,855	116,855	132,302	132,302
45010 GF ADMIN	195,746	205,534	205,534	215,810	226,601
Internal Services Total	483,094	688,568	688,569	648,069	655,984
49210 TRANSFER OUT-010 (GENERAL FUND)	435,557	436,623	436,623	345,000	347,025
49212 TRANSFER OUT-232 (ENVIRONMENTAL PROGRAMS)	51,453	56,931	56,931	78,690	81,951
49214 TRANSFER OUT-207 (GENL PLAN UPDATE)	10,300	10,300	10,300	-	-
49275 TRANSFER OUT-652 (WATER RATE STABILIZATION)	-	-	627	500,000	500,000
49273 TRANSFER OUT-653 (WATER REPLACE)	1,121,914	1,114,706	939,538	945,549	1,344,774
49321 TRANSFER OUT - EMPLOYEE BENEFITS FUND	-	45,385	45,385	55,380	27,690
Transfer Total	1,619,224	1,663,945	1,489,404	1,924,619	2,301,440
5710 - Water Operations Total	8,661,852	9,309,995	8,914,889	9,764,580	10,792,094

CIP Project Implementation [745-8280]

DIVISION DESCRIPTION

The CIP Project Implementation engineering team implements the annual capital improvement program (CIP). These activities include upfront planning for the CIP, producing bid documents (plans, specifications, cost estimates) for capital projects, and managing the construction of the projects. The Engineers and Aides in the CIP section also provide support services to teammates in other departments within the City and to the City Manager including technical advice, documentation research, preparation of exhibits, and attendance at meetings when necessary. In addition, the CIP Project Implementation engineering team members respond to inquiries from the public on a regular basis. The non-Engineering, non-technical team members in CIP Project Implementation team include administrative staff. Their role is to provide support and guidance for the implementation of the CIP program.

The FY16-18 recommended budget includes a request to add a new Senior Project Manager and a Public Works Inspector positions to the Public Works team.

The Senior Project Manager position would be responsible for delivering more complex capital projects with a focus on upcoming Community Services recreation and parks projects funded by the Parks Impact fund (301), the Agriculture and Open Space Preservation Fund (306), and the new Commercial/Recreation Center Impact Fund (360). The position has been identified at the 'Senior Engineer' pay and responsibility level so that the City has a teammate with extensive public contract code and capital project delivery experience and can manage several complex projects simultaneously.

The Public Works Inspector position would provide a third in-house inspector position. The City carried three inspectors for many years before taking one of them out of the budget during the great recession. With a strong capital projects program and heavy development activity, the Public Works team has been using a contract inspector to manage the large workload. By hiring an in-house inspector, the City will realize a cost savings as contract Inspector result in a higher cost.

The CIP Project Implementation engineering team is augmented by consultants as needed for technical specialty work or time-constrained projects. In addition, through the use of in-house and contract support, the Division provides inspection services for CIP projects.

In cooperation with the Community and Engagement Manager, the CIP Engineering team is responsible for community engagement and communication with the general public regarding projects that are in the planning stage, the design stage, and in the construction stage. This outreach includes meetings with the public, meetings with specific affected property owners and businesses, notices and letters, and through use of social media.

FY 15-16 ACCOMPLISHMENTS

- Completed Downtown Projects
- Parking Structure
- Monterey Road Streetscape
- Third Street Reconstruction

- Fourth Street Reconstruction
- Overhead Utility Undergrounding
- Completed the Lift Station H project
- Completed Sewer Point Repair project
- Completed Harding Avenue Trunk Sewer project
- Began Design of Lift Station Electrical Upgrades to Stations D, F, and W
- Continued collaboration with Open Space Authority on El Toro Trail project
- Began design for Downtown Parks project
- Began Parks, Recreation, Bikes and Trails Master Plan
- Prepare bid package for Monterey Road Median project
- Completed Pavement Rehabilitation Project
- Completed Sidewalk Repair project
- Continued participation in Upper Llagas Flood Control project
- Completed Recycled Water Study
- Began design for Jackson Oaks Water Improvements projects
- New Reservoir
- New 16" Water Main
- Oak Canyon Booster Station
- E. Dunne Booster Station
- Completed Phase 1 of Wells project
- Rehabilitate Boys Ranch #2 Well
- Rehabilitate Jackson Well
- New Walnut Grove Well
- New Main Avenue Well
- Completed Electric Vehicle Charging Station project
- Attended regular South County Regional Wastewater Authority (SCRWA) meetings
- Attend Valley Transportation Authority (VTA) Technical Advisory Committee meetings
- Participated in VTA Envision Silicon Valley project
- Participated in VTA CIP Subcommittee

ACTIVITY GOALS

FY 16-17

- Complete Jackson Oaks Water Improvements projects
- Complete Pavement Rehabilitation project
- Complete Phase 2 of Water Wells projects

- Complete Downtown Parks projects
- Start Design of Library Expansion
- Attend regular South County Regional Wastewater Authority (SCRWA) meetings
- Participate with South County Regional Wastewater Authority (SCRWA) on Plant Expansion
- Complete Sidewalk Repair project
- Complete Safe Routes to School project
- Continue to participate in Upper Llagas Flood Control project
- Participate in Valley Transportation Authority (VTA) CIP Subcommittee
- Participate in (VTA) Envision Silicon Valley project
- Participate in County Expressways Master plan project
- Begin Planning for Corporation Yard Relocation
- Construct new traffic signal at Monterey Road and Fourth Street

FY 17-18

- Complete Water Improvements projects
- Complete Pavement Rehabilitation project
- Complete local drainage projects
- Continue with planning and design of W. Little Llagas Creek trail
- Continue Design of Library Expansion and bid documents
- Attend regular South County Regional Wastewater Authority (SCRWA) meetings
- Participate with South County Regional Wastewater Authority (SCRWA) on Plant Expansion
- Complete Sidewalk Repair project
- Complete Safe Routes to School project
- Continue to participate in Upper Llagas Flood Control project
- Participate in Valley Transportation Authority (VTA) CIP Subcommittee
- Participate in (VTA) Envision Silicon Valley project
- Start construction of Library expansion

COUNCIL GOALS

Enhancing public safety

- Water System Improvements (Water Quality, Reliability, Fire Fighting Capability)
- Wastewater System Improvements
- Sidewalk Repair projects
- Safe Routes to Schools Projects

Protecting the environment

- Water System Improvements
- Wastewater System Improvements
- Transportation projects that promote Complete Streets design

Maintaining fiscal responsibility

- Capital Improvement Plan that adheres to master plans
- Quality Control in Design Documents
- Deliver Capital Improvement projects that reduce maintenance issues

Supporting youth

- Safe Routes to Schools projects
- Complete Streets design in transportation projects
- Design and build park spaces that accommodate youth

Fostering a positive organizational culture

Collaborate with other Departments in developing CIP projects

Preserving and cultivating public trust

- Communicate to affected neighborhoods and businesses on projects
- Meet stated deadlines and budgets
- Keep website up to date

Planning Our Community

- Develop infrastructure master plans and follow plans
- Coordinate infrastructure design and construction with development projects
- Design projects to minimize future maintenance

Developing Our Community

- Build safe and reliable infrastructure
- Coordinate infrastructure design and construction with development projects
- Build infrastructure to meet growth needs

Enhancing Our Services

- Build safe and reliable water and wastewater improvements
- Seek ways to provide sustainable streets
- Collaborate regionally to provide smart infrastructure

Improving Our Communication

- Keep website updated
- Reach out to affected community for all CIP projects inform, listen, & collaborate
- Collaborate with other Departments on infrastructure build-out

Participating In Regional Initiatives

- Actively participate with VTA on Envision Silicon Valley and other transportation grants
- Actively participate with SCRWA on treatment plant expansion
- Actively participate with SCVWD on long-term water supply and flood control

FINANCIAL COMMENTS

The proposed CIP program is \$29M in FY 16-17 and then \$28M in FY 17-18. The proposed FY's 16-17 and 17-18 budgets for Project Implementation (8280) are focused on delivering bond funded water and wastewater projects City-wide and launching what will be a robust parks and recreation acquisition and facilities program. In addition, a Streets budget that includes nearly \$2M in pavement maintenance and \$900,000 towards the Hale Avenue extension helps balance the CIP program.

To deliver these projects Public Works will take a different approach for FY's 16-17 and 17-18. Previously, the use of a consulting firm who specializes in water and wastewater system planning and delivery was used to deliver the bondfunded water and wastewater projects. This method of project delivery was used because the in-house engineering team is too small to take on the water and wastewater projects and still be able to work on the balance of the CIP program. If the recommended new Senior Projects Manager position is approved, that position will take on many of the larger and complex projects in the CIP and the other in-house engineering team can complete the water and wastewater projects. This will eliminate the need for the consulting firm but only after the Senior Project Manager is on board with the City. The recommended budget anticipates the Senior Project Manager position to be filled by mid –fiscal year. Thus, the use of the water and wastewater consulting engineer will continue for the first half of the 16-17 fiscal year. Overall, engineering contract services, which are charged directly to the CIP Projects, will decrease. The salaries line item in fund 745 will correspondingly increase due to the hire of the new Senior Project Manager if approved.

The other Decision Package that impacts the budget is the new Public Works Inspector. This position will perform inspection services for both Land Development Engineering and Capital Projects Engineering. The salary will be split by 70% to CIP 745 and 30% to Engineering 206. The new costs that will be charged to the Salaries line item will be more than made up with a reduction in contract services charged to each project.

The 745-8280 budget will increase from \$1.7 million (project year-end for FY 15-16) to \$1.8 million FY 16-17 and then to \$1.9 million in FY 17-18.

Expenditure Details	14-15	15-16	15-16	16-17	17-1
shing December	Antoni	0 d . d	Year End	B	D
Object Description	Actual	Amended	Projection	Recommended	Recommend
41100 SALARIES - GENERAL	872,875	941,002	955,079	1,020,771	1,069,40
41271 SALARIES - PART-TIME TEMP	514	-	1,500	-	-
41320 EARNED LEAVE LIABILITY	31,533	33,767	33,767	25,417	26,43
1490 OVERTIME - GENERAL	2,476	8,487	2,800	-	-
‡1620 RETIREMENT - GENERAL ±1690 DEFERRED COMPENSATION	152,817	167,912	170,318	185,183	199,4
1700 GROUP INSURANCE	16,385	18,995	16,577	15,197	15,77
	94,540	97,120	110,452	135,422	142,08
41701 MEDICARE	11,844 -	13,829 -	12,735 62	13,807	14,54
41701 MEDICARE PTT AND OT				- 0.474	
1730 INCOME PROTECTION INS	7,539	6,933	8,239	9,174	9,1
1760 WORKERS COMP	21,721	47,261	23,697	25,520	26,7
1760 WORKERS COMP PTT AND OT	-	-	108	-	-
1799 BENEFITS	4,141	4,246	6,576	6,306	6,30
1800 UNIFORM		743	743	758	7
Salaries Total	1,216,385	1,340,295	1,342,653	1,437,555	1,510,6
2214 TELEPHONE	5,916	8,593	4,000	8,593	8,8
2228 GASOLINE & OIL	3,264	5,835	2,000	5,835	6,0
2230 SPECIAL COUNSEL	-	34,408	16,000	35,441	36,5
2231 CONTRACT SERVICES	578	6,896	2,500	21,896	22,1
2244 STATIONERY & OFFICE SUPPLIES	3,194	5,835	3,500	5,835	6,0
2245 COMPUTER HARDWARE-NON CAPITAL	3,909	9,770	9,770	14,020	10,0
2246 COMPUTER SOFTWARE-NON CAPITAL	850	4,456	4,500	4,589	4,7
2248 OTHER SUPPLIES	1,507	6,896	5,000	6,896	7,1
2250 ADVERTISING	419	318	150	328	3
2252 PHOTOCOPYING	2,087	2,334	2,600	2,404	2,4
2254 POSTAGE & FREIGHT	1,095	1,167	1,900	1,202	1,2
2257 PRINTING	210	955	3,000	983	1,0
2261 AUTO MILEAGE	350	849	350	874	9
2299 OTHER EXPENSE	547	1,061	650	1,061	1,0
2408 TRAINING & EDUCATION	1,470	3,713	1,200	3,713	3,8
2415 CONFERENCE & MEETINGS	1,033	1,591	1,000	1,591	1,6
2423 MEMBERSHIP & DUES	499	849	568	849	8
2435 SUBSCRIPTION & PUBLICATIONS	459	212	212	219	2
2510 MAINT - BLDGS/IMPROVEMENTS	-	212	212	219	2
2523 MAINT - MACHINE/EQUIPMENT	-	212	212	219	2
2526 MAINT - AUTO/TRUCKS	681	2,652	2,400	2,652	2,7
2531 MAINT - FURNITURE/OFFICE EQUIP	-	265	265	265	2
Supplies Total	28,069	99,080	61,989	119,684	118,4
3830 AUTO/TRUCKS	-	-	-	17,500	-
Capital Total	-	-	-	17,500	-
5003 GENERAL LIABILITY INSURANCE	78,456	66,815	66,815	26,305	28,9
5004 BUILDING MAINT - CURRENT SERVICES	18,700	18,171	18,172	43,120	41,4
5005 BUILDING MAINT - FUTURE REPLACEMENT	2,927	3,015	3,015	3,105	3,1
5009 INFO SYSTEM SERVICES	17,833	20,875	20,875	10,097	10,0
5010 GF ADMIN	117,297	123,161	123,161	129,319	135,7
Internal Services Total	235,212	232,038	232,038	211,947	219,5
9241 TRANSFER OUT-BOND/DEBT	10,061	10,061	10,061	5,756	6,6
9321 TRANSFER OUT - EMPLOYEE BENEFITS FUND		20,606	20,606	27,752	13,8
Transfer Total	10,061	30,667	30,667	33,508	20,
80 - Capital Project Implementation Total	1,489,728	1,702,079	1,667,347	1,820,194	1,869,10